

Message Text

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TO AMEMBASSY THE HAGUE

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AMEMBASSY OSLO

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SUBJECT: KLM CAPACITY

1. TEXT OF UNCLASSIFIED DEPARTMENT PRESS RELEASE FOLLOWS.

IT IS POSSIBLE THAT ACCOMMODATION WITH DUTCH ON KLM
CAPACITY FOR SUMMER 1975, WILL BE INTERPRETED ON SOME
CIRCLES AS SIGNAL OF CHANGE OF U.S. POSITIONS WITH
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RESPECT TO OTHER SIXTH FREEDOM OPERATORS. THIS IS NOT

THE CASE, AND ADDRESSEES SHOULD RESPOND TO POSSIBLE INQUIRES IN THIS CONNECTION TO EFFECT THAT DUTCH CASE SETS NO PRECEDENT APPLICABLE TO OTHER SITUATIONS.

2. BEGIN TEXT. (TITLE) UNITED STATES-NETHERLANDS CIVIL AVIATION DISCUSSIONS.

THE UNITED STATES HAS TAKEN THE VIEW THAT THE CAPACITY MOUNTED BY KLM DEPRIVES UNITED STATES AIRLINES OF A FAIR AND EQUAL OPPORTUNITY TO COMPETE FOR TRAFFIC BETWEEN THE UNITED STATES AND THE NETHERLANDS BECAUSE IT IS DESIGNED TO CARRY AN EXCESSIVE PROPORTION OF SO-CALLED SIXTH FREEDOM OR THIRD COUNTRY TRAFFIC, AND THAT THEREFORE, KLM IS OPERATING INCONSISTENTLY WITH THE UNITED STATES-NETHERLANDS AIR TRANSPORT AGREEMENT. IT HAS SOUGHT AN AGREEMENT WITH THE NETHERLANDS GOVERNMENT FOR A REDUCTION IN KLM'S CAPACITY TO A LEVEL WHICH MIGHT BRING ITS OPERATIONS INTO CONFORMITY WITH THE PROVISIONS OF THE BILATERAL AGREEMENT. AS IS KNOWN, THE UNITED STATES HAS TAKEN A SIMILAR VIEW WITH RESPECT TO THE CAPACITY OF SEVERAL OTHER FOREIGN AIRLINES OPERATING IN THE NORTH ATLANTIC, AND CAPACITY REDUCTIONS HAVE BEEN EFFECTED VOLUNTARILY IN SOME OF THESE OTHER SITUATIONS.

IT HAS NOT BEEN POSSIBLE, HOWEVER, FOR THE UNITED STATES AND NETHERLANDS GOVERNMENTS TO AGREE ON AN ACCEPTABLE LEVEL OF KLM CAPACITY, DESPITE SIGNIFICANT UNITED STATES CONCESSIONS. THE UNITED STATES RECOGNIZES THE VITAL IMPORTANCE WHICH THE NETHERLANDS GOVERNMENT AND THE DUTCH PEOPLE ATTACH TO KLM AND IT HAS NO WISH TO DAMAGE THIS VITAL INTEREST. AT THE SAME TIME, HOWEVER, THE UNITED STATES MUST PROTECT ITS OWN LEGITIMATE AVIATION INTERESTS AND RETURN NORTH ATLANTIC AIR TRANSPORT TO VIABILITY, PARTICULARLY IN LIGHT OF THE SEVERE STRAINS AND FINANCIAL BURDENS WHICH SEVERAL UNITED STATES AND FOREIGN AIRLINES FACE.

THE UNITED STATES ACCEPTS THAT AN AGREEMENT ON KLM CAPACITY IS NOT POSSIBLE AT THIS TIME. IT WILL, HOWEVER, CLOSELY MONITOR THE FREQUENCIES KLM WILL OPERATE AND LIMITED OFFICIAL USE

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IT CAN VIEW SIGNIFICANT KLM CAPACITY REDUCTIONS AS AN ENCOURAGING SIGN. THE SIXTH FREEDOM QUESTION IS ONE OF THE ISSUES BEING CONSIDERED BY UNITED STATES AGENCIES IN THEIR OVERALL REVIEW OF UNITED STATES INTERNATIONAL AVIATION POLICY EXPECTED TO BE COMPLETED THIS SUMMER WHICH MAY RESULT IN RESTRUCTURING OF UNITED STATES AIR TRANSPORT RELATIONS. SHOULD SIGNIFICANT POLICY CHANGES OCCUR, THE UNITED STATES MAY DECIDE TO

RENEGOTIATE SOME BILATERAL AIR TRANSPORT AGREEMENTS.

IN LIGHT OF DEVELOPMENTS REGARDING KLM CAPACITY AND THE RESULTS OF THE UNITED STATES POLICY REVIEW, THE UNITED STATES WILL CONTINUE TO PURSUE THE QUESTION OF KLM CAPACITY WITH THE NETHERLANDS GOVERNMENT.

NOTE: A STATEMENT RELEASED TODAY BY THE GOVERNMENT OF THE NETHERLANDS IN THE HAGUE IS ATTACHED.

(TITLE) STATEMENT OF THE GOVERNMENT OF THE NETHERLANDS.

THE NETHERLANDS GOVERNMENT DOES NOT SHARE THE UNITED STATES VIEWS THAT KLM'S CAPACITY ON THE NORTH ATLANTIC IS OPERATED IN VIOLATION OF THE CAPACITY PROVISIONS OF THE BILATERAL AGREEMENT. IN PARTICULAR, AS HAS BEEN DEMONSTRATED REPEATEDLY, THE CARRIAGE OF TRANSIT TRAFFIC VIA THE NETHERLANDS (THE SO-CALLED SIXTH FREEDOM TRAFFIC) IS FULLY CONSISTENT WITH THE CAPACITY CLAUSES OF THE BILATERAL AIR TRANSPORT AGREEMENT. MOREOVER, UNITED STATES AIR CARRIERS HAVE A FAIR AND EQUAL OPPORTUNITY TO OPERATE SERVICES TO AND VIA THE NETHERLANDS.

THE NETHERLANDS GOVERNMENT IS APPRECIATIVE OF THE UNITED STATES RECOGNITION OF THE IMPORTANCE OF KLM TO THE NETHERLANDS. IT VALUES THE UNITED STATES DECISION NOT TO ACT UNILATERALLY AGAINST KLM AND IS PREPARED TO RESUME CONSULTATIONS WITH THE UNITED STATES GOVERNMENT AFTER THE RESULTS OF THE UNITED STATES POLICY REVIEW HAVE BECOME KNOWN.

THE NETHERLANDS GOVERNMENT HAS NO WISH TO EXACERBATE LIMITED OFFICIAL USE

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THE AIR TRANSPORT PROBLEMS ON THE NORTH ATLANTIC AND HAS REQUESTED KLM, IN VIEW OF THE OVERALL, PRESENT AIR TRANSPORTATION SITUATION ON THE NORTH ATLANTIC, TO REDUCE ITS BOEING 747 FREQUENCIES ON ITS AMSTERDAM-NEW YORK ROUTE FROM 14 TO 11 FREQUENCIES PER WEEK, TO BE PUT INTO EFFECT NOT LATER THAN FOUR WEEKS AFTER THE INCREASE OF CAPACITY BY PAA ON THIS ROUTE AS PLANNED.

THIS REDUCTION OF FREQUENCIES BY KLM WILL BE PUBLISHED AT SHORT NOTICE. KLM'S PUBLISHED SCHEDULES WILL THUS SHOW A REDUCTION OF ITS BOEING 747 FREQUENCIES TO NEW YORK AND CHICAGO FROM 21 SERVICES PER WEEK TO 18 SERVICES PER WEEK.

THE MANAGEMENT OF KLM HAS ACCEPTED THIS REDUCTION OF

FREQUENCIES, BEING CONSCIOUS OF TRAFFIC DEVELOPMENTS,
AND IN THIS CONNECTION WILL, IN CONCERT WITH THE
NETHERLANDS GOVERNMENT, FOLLOW CLOSELY THE FUTURE
TRAFFIC DEVELOPMENTS ON THE ROUTE. END TEXT.
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